

**District I**  
1625 N French Dr., Hobbs, NM 88240  
Phone (575) 393-6161 Fax (575) 393-0720

**District II**  
811 S First St., Artesia, NM 88210  
Phone (575) 748-1283 Fax (575) 748-9720

**District III**  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone (505) 334-6178 Fax (505) 334-6170

**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico  
Energy Minerals and Natural Resources  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-101  
Revised July 18, 2013

AMENDED REPORT

OIL CONS. DIV DIST. 3

NOV 02 2017

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

<sup>1</sup> Operator Name and Address Dugan Production Corp. 709 East Murray Drive Farmington, New Mexico 87401		<sup>2</sup> OGRID Number 006515
<sup>3</sup> Property Code 31998	<sup>4</sup> Property Name Phelps 16	<sup>5</sup> API Number 30-045-35820
		<sup>6</sup> Well No #4

<sup>7</sup> Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
5	16	23N	10W		1754	South	1701	East	San Juan

<sup>8</sup> Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
5	16	23N	10W		1754	South	1701	East	San Juan

<sup>9</sup> Pool Information

<sup>10</sup> Pool Name Basin Fruitland Coal	<sup>11</sup> Pool Code 71629
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Additional Well Information

<sup>12</sup> Work Type N	<sup>13</sup> Well Type G	<sup>14</sup> Cable/Rotary R	<sup>15</sup> Lease Type S	<sup>16</sup> Ground Level Elevation 6566'
<sup>17</sup> Multiple N	<sup>18</sup> Proposed Depth 1,020'-ft	<sup>19</sup> Formation Pictured Cliffs	<sup>20</sup> Contractor TBD	<sup>21</sup> Spud Date ASAP
<sup>22</sup> Depth to Ground water >100'		<sup>23</sup> Distance from nearest fresh water well >500'		<sup>24</sup> Distance to nearest surface water >1-mile

We will be using a closed-loop system in lieu of lined pits

<sup>25</sup> Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface Csg	12-1/4"	8-5/8"	24# J-55 STC	120-ft.	99-cf	Surface
Production Csg	7-7/8"	5-1/2"	14# J-55 STC	1,020-ft.	330-cf	Surface

Casing/Cement Program: Additional Comments

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<sup>26</sup> Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	2,000 psi	Low Press 250 psig High Press 2,000 psig	Schafer 9" 2000 Series

<sup>27</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief  
I further certify that I have complied with 19.15.14.9 (A) NMAC  and/or 19.15.14.9 (B) NMAC , if applicable.  
Signature: Kurt Fagrelius

Printed name: Kurt Fagrelius  
Title: Vice President Land & Exploration  
E-mail Address: kfagrelius@duganproduction.com  
Date: October 31, 2017  
Phone: 505-325-1821

OIL CONSERVATION DIVISION	
Approved By: <i>Charles...</i>	11-7-2017
Title: SUPERVISOR DISTRICT #3	
Approved Date: 11-7-17	Expiration Date: 11-7-19
Conditions of Approval Attached	

SEE ATTACHED NMOCD  
CONDITIONS OF APPROVAL

AV

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State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 1, 2011

Submit one copy to  
Appropriate District Office

OIL CONSERVATION DIVISION  
1220 South St. Francis Drive  
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-045-35850		<sup>2</sup> Pool Code 71629	<sup>3</sup> Pool Name BASIN FRUITLAND COAL
<sup>4</sup> Property Code 319798	<sup>5</sup> Property Name PHELPS 16		<sup>6</sup> Well Number 4
<sup>7</sup> OGRID No. 006515	<sup>8</sup> Operator Name DUGAN PRODUCTION CORPORATION		<sup>9</sup> Elevation 6566'

<sup>10</sup> Surface Location

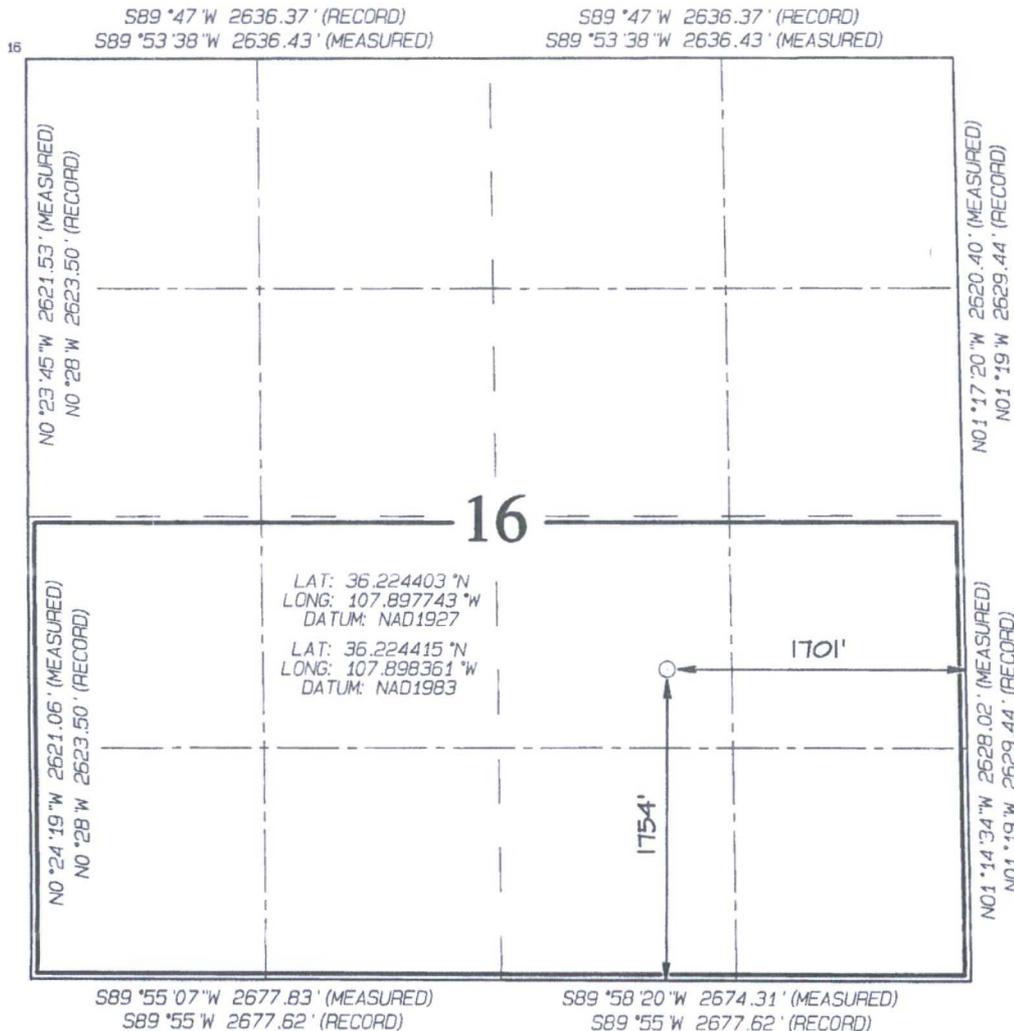
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	16	23N	10W		1754	SOUTH	1701	EAST	SAN JUAN

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 320.0 Acres - S/2	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Kurt Fagrelus* 10/31/2017  
Signature Date

Kurt Fagrelus  
Printed Name

kfagrelus@duganproduction.com  
E-mail Address

<sup>18</sup> SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Revised: OCTOBER 30, 2017  
Date of Survey: OCTOBER 13, 2017

Signature and Seal of Professional Surveyor



JASON C. EDWARDS

Certificate Number 15269

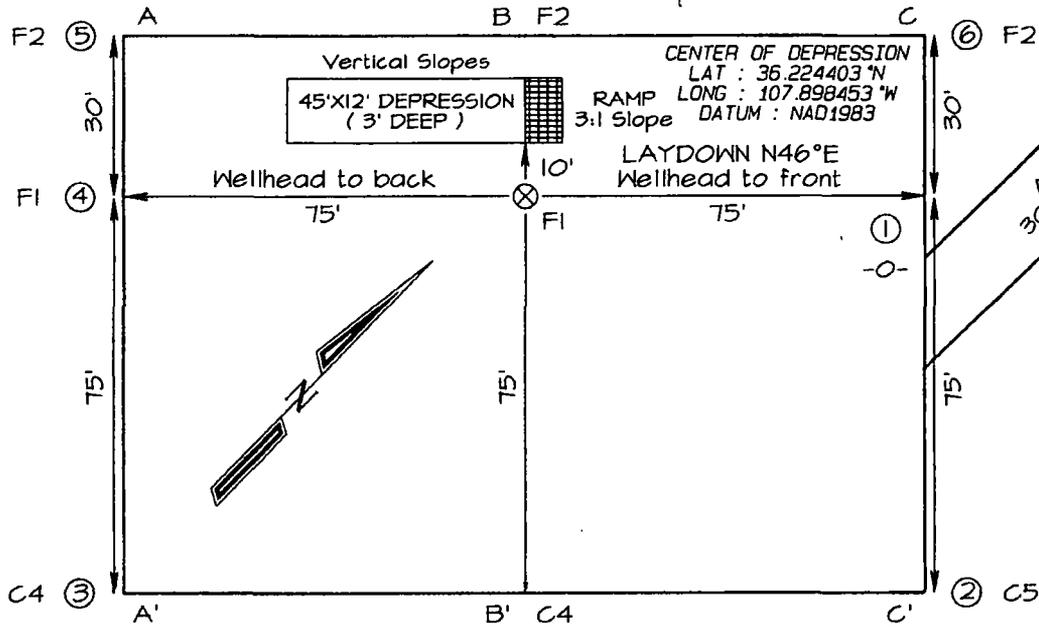
**DUGAN PRODUCTION CORPORATION PHELPS 16 #4**  
**1754' FSL & 1701' FEL, SECTION 16, T23N, R10W, NMPM**  
**SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6566'**  
**LAT: 36.224415°N LONG: 107.898361°W DATUM: NAD1983**

EDGE OF TOTAL DISTURBANCE (MARKED WITH STEEL T-POSTS)



Area of Total Disturbance  
250' x 205' = 1.18 Acres

EDGE OF TOTAL DISTURBANCE (MARKED WITH STEEL T-POSTS)



PLAT NOTE

\*SURFACE OWNER\*  
State of New Mexico

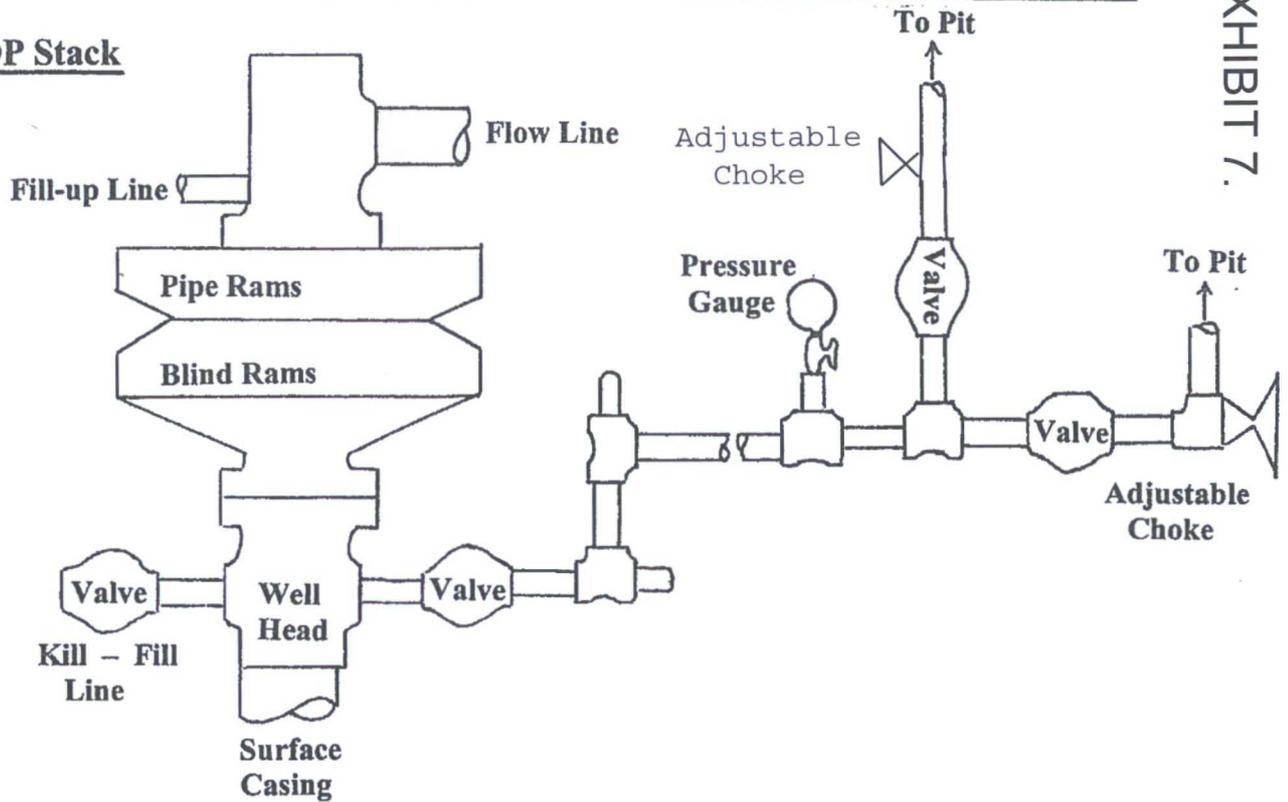
EDGE OF TOTAL DISTURBANCE (MARKED WITH STEEL T-POSTS)

A-A'	6576'						
	6566'	[Profile line showing terrain and structures]					
	6556'						
B-B'	6576'						
	6566'	[Profile line showing terrain and structures]					
	6556'						
C-C'	6576'						
	6566'	[Profile line showing terrain and structures]					
	6556'						

# Well Control Equipment Schematic for 2,000 psi BOP

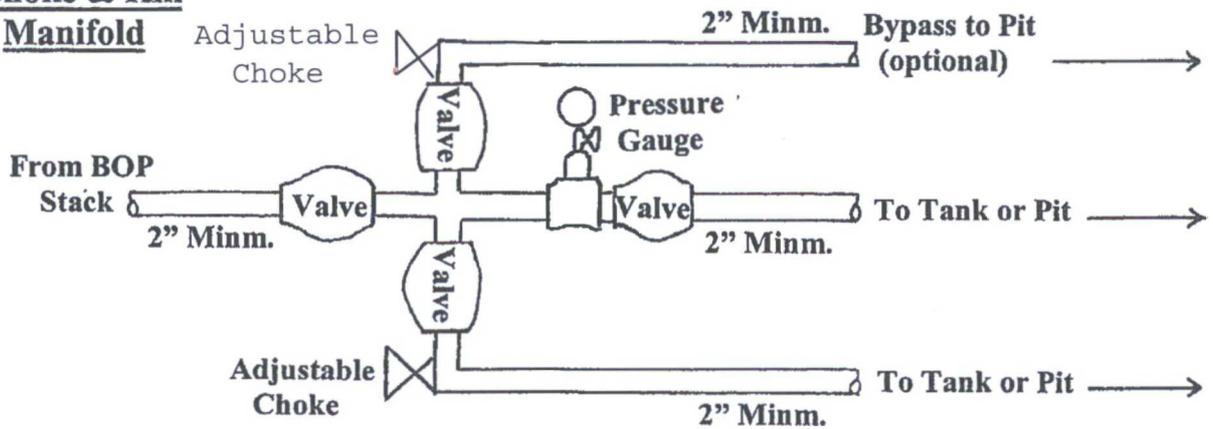
EXHIBIT 7.

## BOP Stack



## Choke & Kill

### Manifold



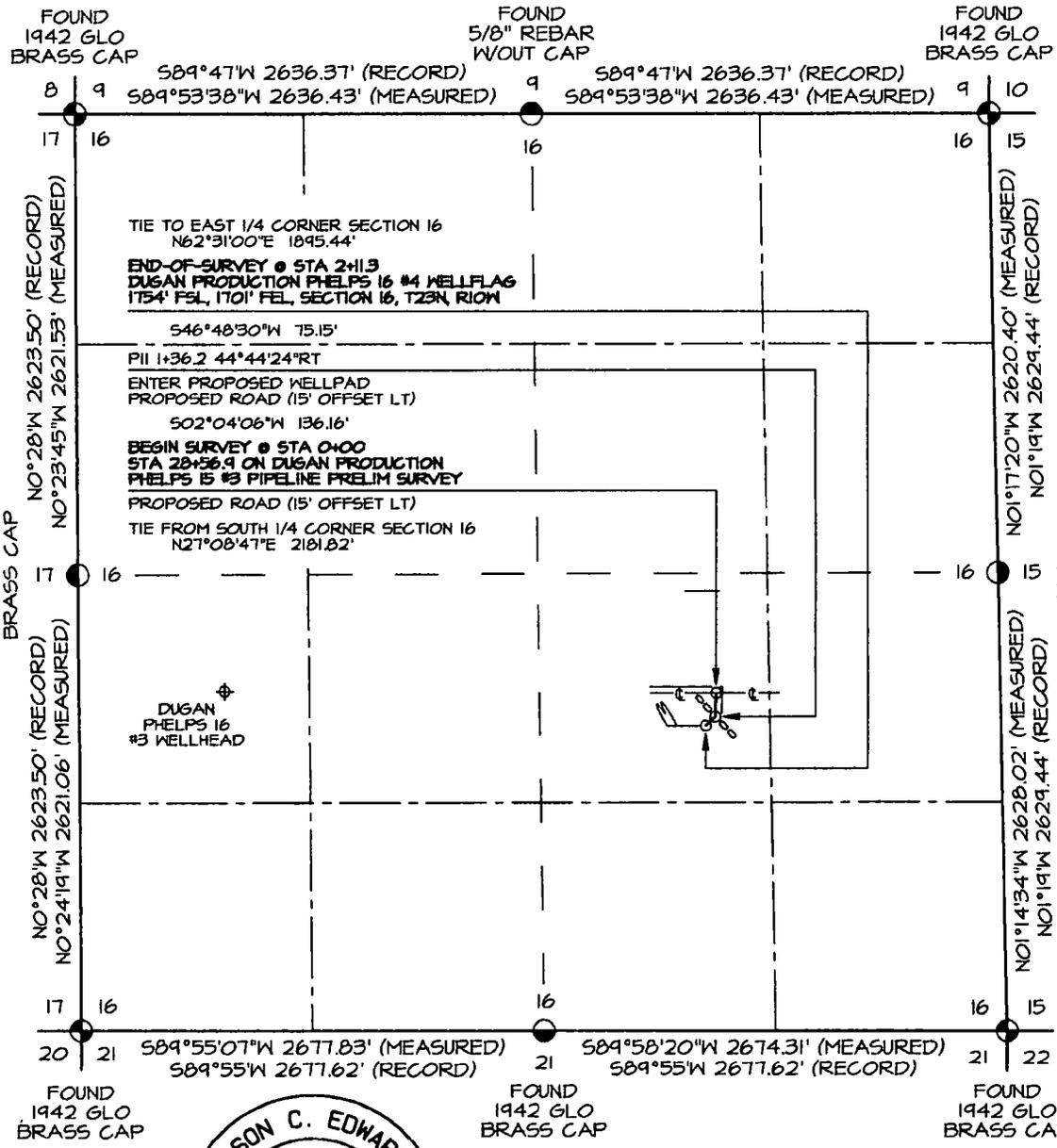
Working Pressure for all equipment is 2,000 psi or greater

**DUGAN PRODUCTION CORP.**

Phelps 16 #4



**DUGAN PRODUCTION CORPORATION PHELPS 16 #4  
PROPOSED PIPELINE SURVEY LOCATED IN THE  
NW/4 SE/4 OF SECTION 16, T23N, R10W, NMPM  
SAN JUAN COUNTY, NEW MEXICO**



**PLAT NOTE**

BEFORE ANY CONSTRUCTION BEGINS, CONTRACTOR IS ADVISED TO CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED PIPELINES OR CABLES IN THE AREA OF THE PROJECT

**REAL-TIME KINEMATIC GPS SURVEY SOLUTION OBTAINED FROM SATELLITES TRACKED ON OCTOBER 13, 2017 FROM A REFERENCE STATION POSITIONED IN SW/4 SW/4 OF SECTION 3, T23N, R10W**



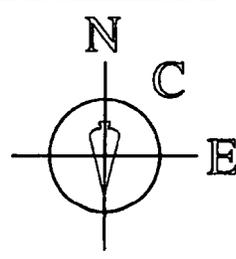
~ SURFACE OWNERSHIP ~  
State of New Mexico Land

0+00 TO 2+11.3	211.3 FT / 12.8 RODS
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I, Jason C. Edwards, a registered Professional Surveyor under the laws of the State of New Mexico, hereby certify that this plat was prepared from field notes of an actual survey meeting the minimum requirements of the standards for easement surveys and is true and correct to the best of my knowledge and belief.

**JASON C. EDWARDS** Date: October 30, 2017  
Jason C. Edwards, P.L.S.  
New Mexico L.S. #15269

Prepared for:  
DUGAN PRODUCTION  
P.O. BOX #420  
FARMINGTON, NM 87499



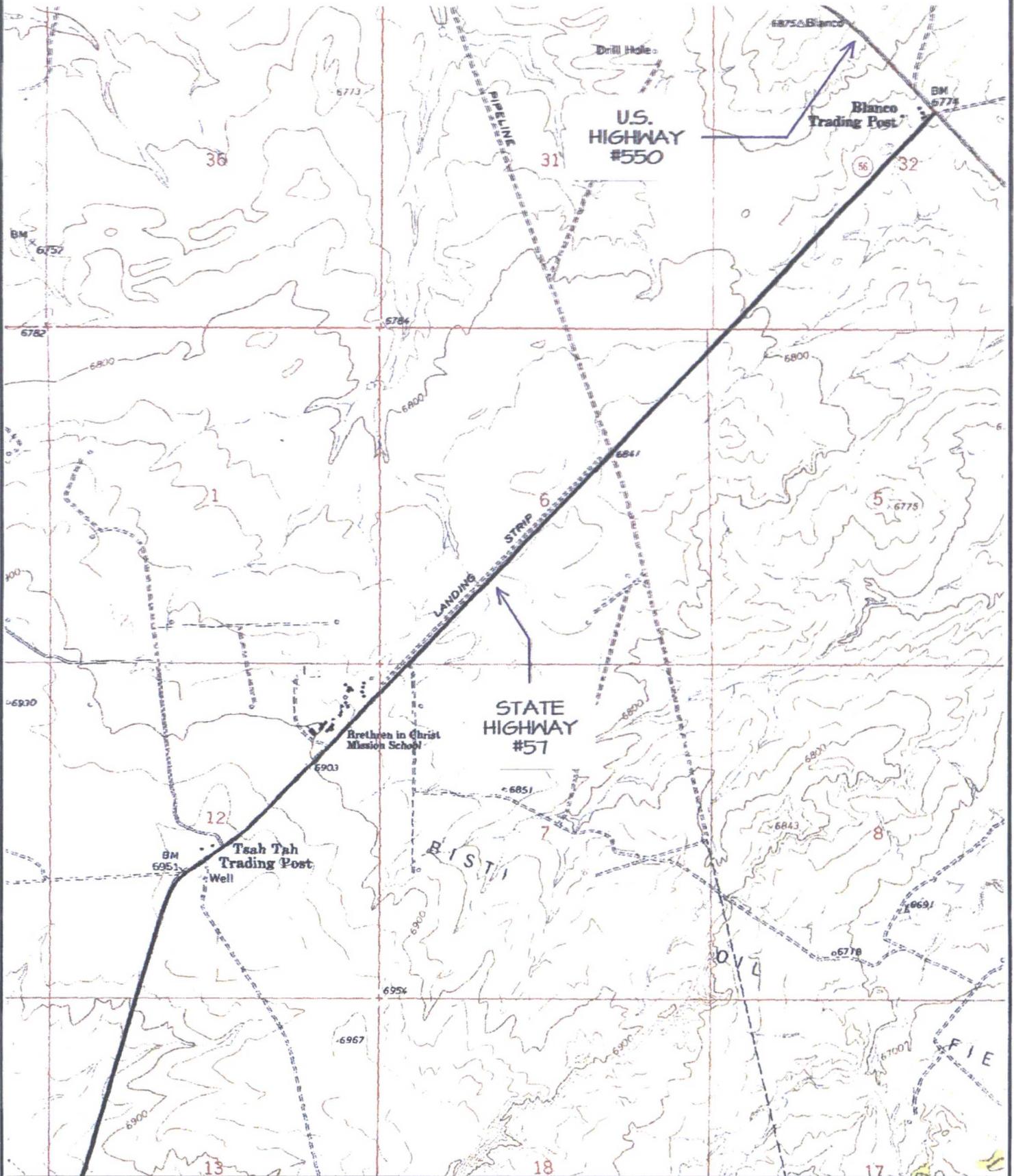
**Land Surveyor:**  
Jason C. Edwards  
**Mailing Address:**  
Post Office Box 6612  
Farmington, NM 87499  
**Business Address:**  
111 East Pinon Street  
Farmington, NM 87402  
(505) 486-1695 (Office)  
jcedsurveys@qwestoffice.net

**SURVEYS, INC.**

CHECKED BY: JCE  
DRAWN BY: SLE  
SHEET 4 OF 9  
FILENAME: 28101661

# DUGAN PRODUCTION CORPORATION PHELPS 16 #4

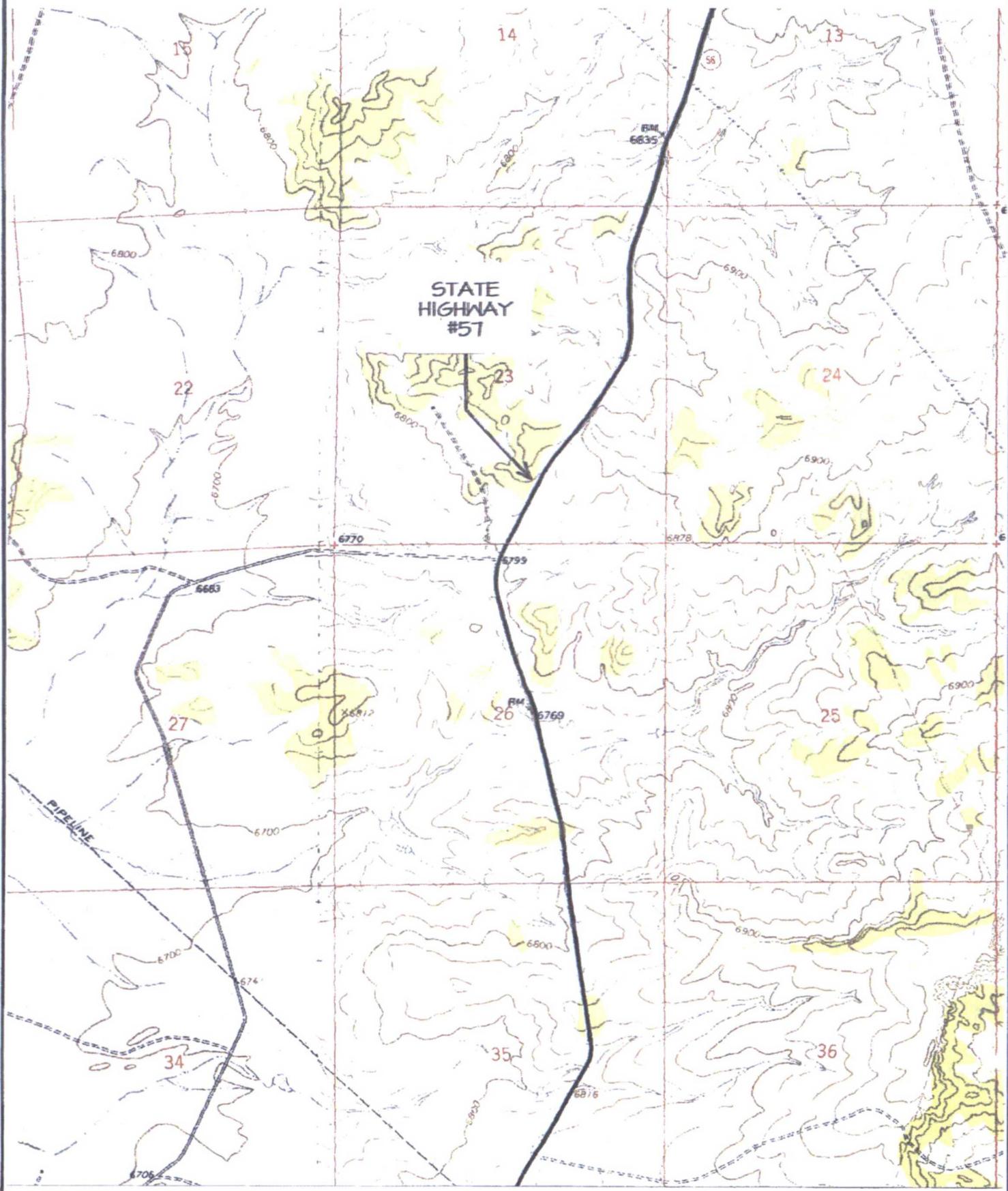
1754' FSL & 1701' FEL, SECTION 16, T23N, R10W N.M.P.M.  
SAN JUAN COUNTY, NEW MEXICO



TOPO NAME : BLANCO TRADING POST    ⊕ PRODUCING WELL    ⊗ PLUGGED & ABANDONED WELL

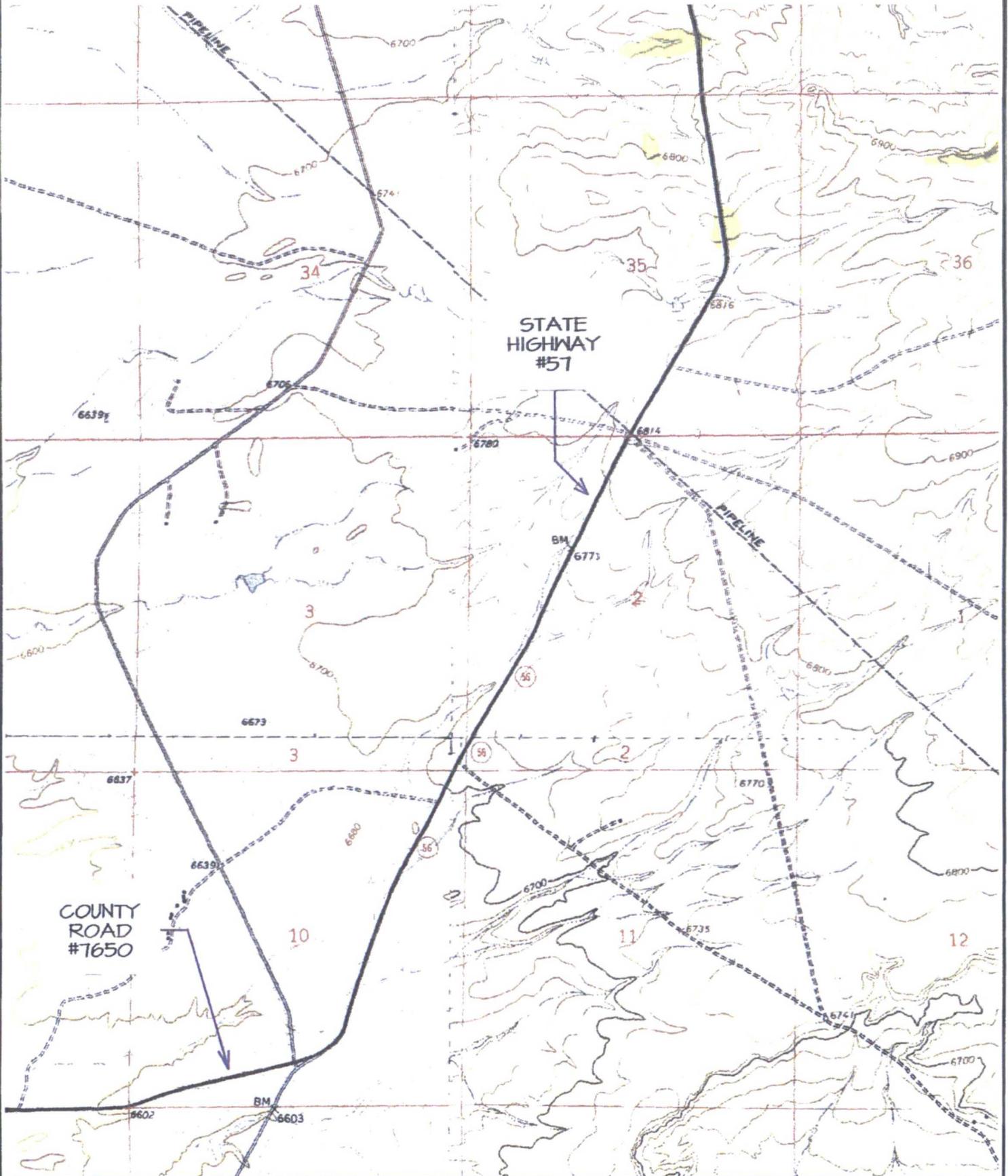
# DUGAN PRODUCTION CORPORATION PHELPS 16 #4

1754' FSL & 1701' FEL, SECTION 16, T23N, R10W N.M.P.M.  
SAN JUAN COUNTY, NEW MEXICO



TOPO NAME : BLANCO TRADING POST    ⊕ PRODUCING WELL    ⊗ PLUGGED & ABANDONED WELL

**DUGAN PRODUCTION CORPORATION PHELPS 16 #4**  
 1754' FSL & 1701' FEL, SECTION 16, T23N, R10W N.M.P.M.  
 SAN JUAN COUNTY, NEW MEXICO

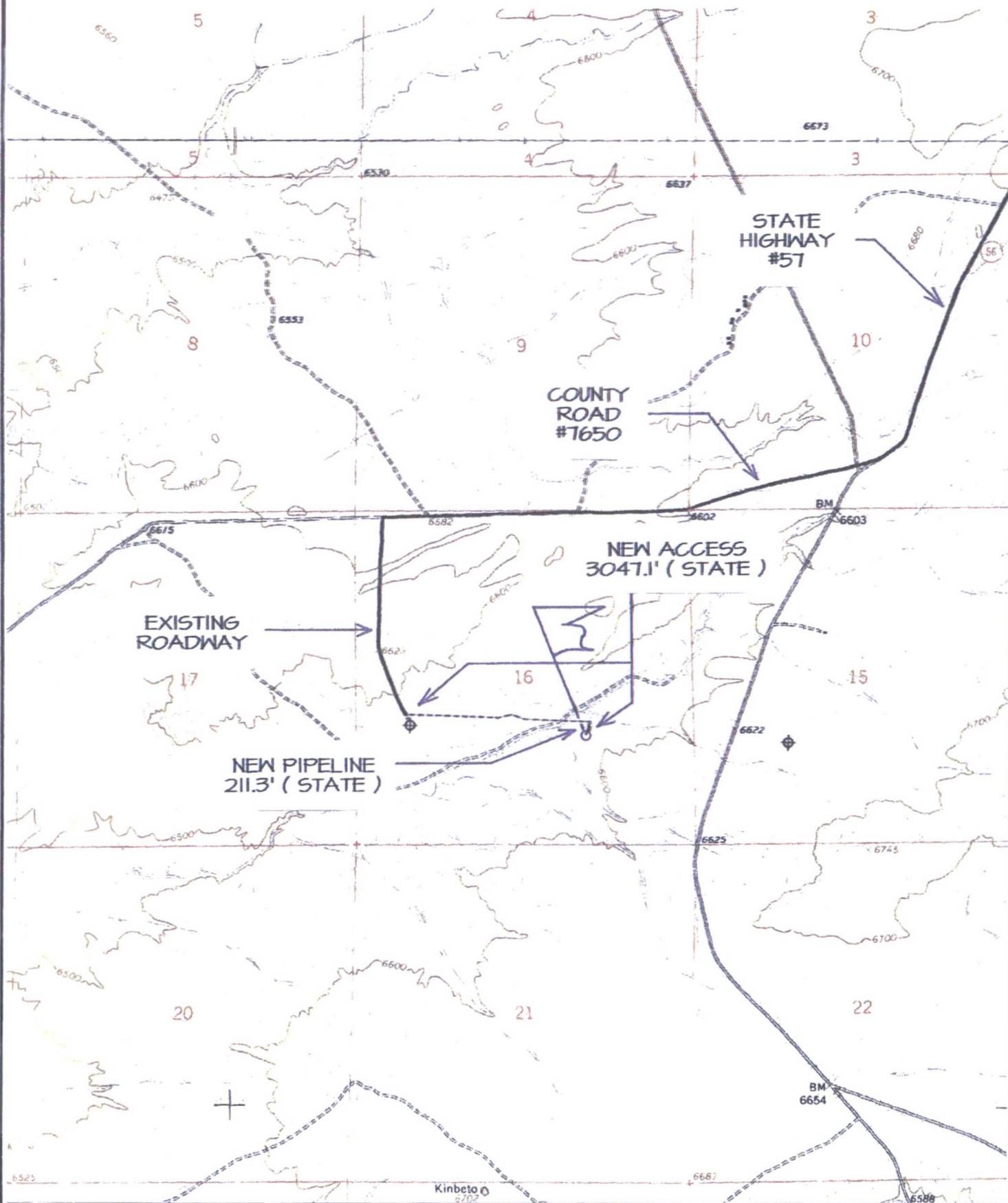


TOPO NAMES : PUEBLO BONITO NW  
 BLANCO TRADING POST

⊕ PRODUCING WELL    ⊗ PLUGGED & ABANDONED WELL

# DUGAN PRODUCTION CORPORATION PHELPS 16 #4

1754' FSL & 1701' FEL, SECTION 16, T23N, R10W N.M.P.M.  
SAN JUAN COUNTY, NEW MEXICO



TOPO NAME : PUEBLO BONITO NW

⊕ PRODUCING WELL

⊗ PLUGGED & ABANDONED WELL

**Directions from the Intersection of US Hwy 550 & US Hwy 64**

**in Bloomfield, NM to Dugan Production Corporation Phelps 16 #4**

**1754' FSL & 1701' FEL, Section 16, T23N, R10W, N.M.P.M., San Juan County, NM**

**Latitude: 36.224415°N Longitude: 107.898361°W Datum: NAD1983**

From the intersection of US Hwy 550 & US Hwy 64 in Bloomfield, NM, travel Southerly on US Hwy 550 for 27.9 miles to State Hwy #57 @ Mile Marker 123.4;

Go Right (South-westerly) on State Hwy #57 for 3.1 miles to fork in roadway;

Go Left (South-westerly) remaining on State Hwy #57 for 2.6 miles to fork in roadway;

Go Left (Southerly) which is straight remaining on State Hwy #57 for 4.2 miles to fork in roadway;

Go Right (Westerly) exiting State Hwy #57 onto County Road #7650 for 1.5 miles to fork in roadway;

Go Left (Southerly) exiting County Road #7650 onto existing roadway for 0.6 miles to begin proposed access on left-hand side of roadway which continues for 3047.1' to staked Dugan Phelps 16 #4 location.

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Susana Martinez**  
Governor

**Ken McQueen**  
Cabinet Secretary

**Matthias Sayer**  
Deputy Cabinet Secretary

**David R. Catanach, Division Director**  
Oil Conservation Division



New Mexico Oil Conservation Division Conditions of Approval  
C-101 Application for Permit to Drill

Operator Signature Date: 10-31-17

Well information;

Operator Dugan, Well Name and Number Phelps 16 #4

API# 30-045-35820, Section 16, Township 23 N/S, Range 10 E/W

Conditions of Approval: (See the below checked and handwritten conditions)

- Notify Aztec OCD 24hrs prior to casing & cement.
- Hold C-104 for directional survey & "As Drilled" Plat
- Hold C-104 for NSL, NSP, DHC
- Spacing rule violation. Operator must follow up with change of status notification on other well to be shut in or abandoned
- Regarding the use of a pit, closed loop system or below grade tank, the operator must comply with the following as applicable:
  - A pit requires a complete C-144 be submitted and approved prior to the construction or use of the pit, pursuant to 19.15.17.8.A
  - A closed loop system requires notification prior to use, pursuant to 19.15.17.9.A
  - A below grade tank requires a registration be filed prior to the construction or use of the below grade tank, pursuant to 19.15.17.8.C
- Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
- Submit Gas Capture Plan form prior to spudding or initiating recompletion operations
- Regarding Hydraulic Fracturing, review EPA Underground Injection Control Guidance 84
- Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system.
- Well-bore communication is regulated under 19.15.29 NMAC. This requires well-bore Communication to be reported in accordance with 19.15.29.8.